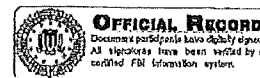


FEDERAL BUREAU OF INVESTIGATION

Date of entry 07/22/2019

Peter Shumlin, former governor of Vermont, [REDACTED] was interviewed at his office at [REDACTED] by AUSA Paul Van de Graaf and FBI Special Agent Jennie Emmons. Bill Griffin, a Vermont Assistant Attorney General, was also present as legal counsel for Shumlin. After being advised of the identities of the interviewers and of the nature of the interview, Shumlin provided the following information:

Shumlin met Bill Stenger from time to time when Shumlin was a member of the state senate. Shumlin's first official meeting with Stenger was after Shumlin was elected governor. The meeting was related to Stenger's role as the president of Vermont's ski association.

AUSA Van de Graaf referenced a document thanking Shumlin for a meet and greet with Stenger. Shumlin advised that Stenger had not supported Shumlin in the election and, thus, was reaching out to establish good relations.

When he came on as governor, Shumlin had some knowledge of the EB-5 program from his time on senate finance committee. Though he did not understand the program's intricacies, he did know that Vermont was the only state run EB-5 program.

Shumlin was at first unclear about how the program worked and the state's role in it. He knew the previous governor had promoted it and had taken a trip to Asia related to it. As governor, Shumlin was busy dealing with the budget and the many government issues that arise each day. A \$40,000 - 50,000 bill was left over from previous administration's travel to Asia. Shumlin wondered why the Vermont taxpayers were paying for such travel. His view was that "we promote the district, they promote the projects." One of the first things on Shumlin's agenda was to pass an EB-5 clean-up bill so that state would get paid for state employees' travel related to the

Investigation on 06/17/2019 at Putney, Vermont, United States (In Person)

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by EMMONS JENNIE MCGLYNN

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promotion of the program.

Though the state had oversight of the district, the state only had access to the financial information provided voluntarily by the developers. The program appeared to be an unmitigated success, and the success seemed to defy reality. Hundreds of jobs were created. Every governor had tried to create jobs in the Northeast Kingdom (NEK). The EB-5 program seemed to be the "secret sauce" to creating jobs. Shumlin's team was excited by the program and had no reason to suspect problems. Shumlin was surprised to learn about the state's lack of access to financial data, but that matter was not high on his radar.

AUSA Van de Graaf observed that, in light of the Memorandum of Understanding (MOU) between the Agency of Commerce and Community Development (ACCD) and the project developers, one could argue that the state could have made more financial oversight a condition. In response, Shumlin explained that Vermont was the only statewide district and Vermont was following the rules set up by the federal program. At the time, Shumlin's team thought the program was working. The federal government designed and implemented the program. Vermont's job was to execute the program.

The Newport projects were never presented by the developers as EB-5 projects. Shumlin understood they were going to use their own funds for those projects. The only EB-5 projects were at Jay Peak, Burke or AnC Bio Vermont. Shumlin was told storage was going to be build in Newport because the area was going to be a tax free zone. He was also heard that FedEx-type commerce and a flight school were anticipated at the airport.

Shumlin believes he made a visit to the former Bogner site (which might be the August meeting Jeb Spaulding spoke of in an email [which was referenced in the interview]).

Shumlin took only two EB-5-related trips, one to Miami and one to Asia. Shumlin was encouraged to go on a trip to Brazil, but did not go. The Miami event was an EB-5 convention for all EB-5 districts. Stenger opened the conference with a speech about Jay Peak. After his 20 minute speech, Shumlin flew back to Vermont. While in Miami, a group went to dinner, including Quiros, Kelly and Hulme. At dinner, Shumlin met Douglas Hulme (for the first and only time). Shumlin found Hulme to be pleasant. Hulme is British and was

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the "nuts and bolts" guy of the program. Hulme brought in the lawyers.

Shumlin cannot recall the first time he met Ariel Quiros. Quiros was the "quiet partner," who spoke the least in the Jay Peak group. Kelly was the most talkative and Stenger was "the guy everyone knew."

AUSA Van de Graaf observed that in 2012 the relationship between Hulme and Jay Peak ruptured publicly after Hulme had grown concerned about the developers. In response, Shumlin advised that the split came as a surprise to his team. There had been no hint of bad blood between Hulme and the Jay Peak group.

The state has concerns that this conflict would disrupt the EB-5 plans. Shumlin's team had to manage the situation. Shumlin told Lawrence Miller (then secretary of ACCD) to figure out what to do. Shumlin learned from Miller, who had called Hulme, that Hulme would not provide any information about the issues or why he was upset.

AUSA Van de Graaf pointed out that Shumlin's state-of-the-state address mentioned the EB-5 program. In response, Shumlin stated that the program was like "a crown jewel." Shumlin's team would visit project sites and see hundreds of hard hats. The program was working. During one event speech, Stenger started to cry when he spoke about job creation. People at the state thought that the jobs problem in the NEK had finally been solved. Even Bernie Sanders showed up at an event.

AUSA Van de Graaf referenced a meeting in New York City between Shumlin and Quiros; and, an email from Alex MacLean to Quiros, thanking him for the meeting with Shumlin. In response, Shumlin advised that he did meet with Quiros. The meeting took place in a New York City restaurant. Shumlin may have been in the city for a state-related purpose. Shumlin wanted to get to know Quiros. Shumlin was also hoping for a campaign contribution from Quiros. Shumlin had to do a lot of fundraising visits.

Shumlin found Quiros to be a generous and thoughtful person who had scrapped his way to the top. Quiros asked Shumlin about the challenges he faced as governor. Shumlin shared that heating prices were a problem in Vermont. Quiros told Shumlin that through his connections with Venezuela he could set up a deal for oil. Quiros always had big ideas like that one. This idea never materialized. Shumlin believes this is the other matter that MacLean

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mentioned in her email thanking Quiros.

In the meeting with Quiros, Shumlin told Quiros that his daughter attended The New School in New York City, and that he tries to get into the city to see her from time to time. Quiros offered Shumlin his New York City apartment as a place to stay, adding that it sat empty most of the time. Shumlin took Quiros up on that offer and used the apartment about two or three times. The key was available at the hotel front desk (the bottom portion of the building is a hotel). One time Shumlin's wife stayed there for four days. When she got there, Quiros's place was not available so she stayed at a smaller apartment until Quiros's place opened-up. Shumlin joined her on the last night of her stay.

Shumlin was present at the September 27, 2012 NEK Economic Development Conference, which included Senators Leahy and Sanders, Miller and Stenger. He was there as part of his ceremonial duties as a governor.

Shumlin does not recall Kelly being appointed to an airport advisory board. Spaulding's wife made such appointments. At the time, Shumlin would have supported it.

MacLean left Shumlin's staff around 2013. MacLean grew up in the NEK. She a connection with Stenger, who is an easy person to like.

AUSA Van de Graaf noted that the first investor funds arrived in late 2012 for AnC Bio Vermont; Raymond came on at the state in 2012; and the trip to Asian took place in the fall of 2013.

Shumlin is not sure he ever saw the talking points from Raymond (referenced by AUSA Van de Graaf). The job of governor is seven days a week for as long as one can stay awake each day. Shumlin rarely read through all the material that came his way, to include memos and speeches. Shumlin only read a script when it was for a video. He did a lot of videos and had to read the scripts to present on the topic. Shumlin did not like doing videos because they felt phoney.

Shumlin reviewed the script for the video in which he mentioned the state audit, and found it has nothing to do with AnC Bio Vermont. The press incorrectly identified the video as related to AnC Bio Vermont. The video was for a project called [REDACTED]. When the audit verbiage came to the state's

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attention, someone called Stenger and Stenger got the video taken down.

The trip to Asia was set up so that the state employees' travel was funded by the EB-5 developers. The group traveling included Stenger, MacLean (who was working for Stenger), Miller, Becky Fu (who spoke Chinese), Shumlin, and a security detail. Shumlin does not recall Raymond, whom he met only two times, being on the trip.

On the trip, Shumlin attended events at hotels with big crowds. The potential investors present were mainly mothers with children - the fathers where rarely there. The potential investors were not the rich people he had expected to see. Shumlin was typically an early speaker at the events. He would sometimes stay for the entire event and sometimes he would leave. Stenger also spoke at these events. Shumlin would tell the crowd he was not going to comment on specific projects. He was not making a sale. The governor showing up for these events was a big deal. There is no doubt that the state had a role in marketing, but "we thought we were on the side of the angels."

In September 2015, Mike Piechek and Susan Donegan of the Vermont Department of Financial Regulation (DFR) gave Shumlin a presentation about the issues with the Jay Peak developers. Before then he was not aware of how complicated the problems were. Before then, he heard murmurings about the problems and press reports were raising concerns.

AUSA Van de Graaf listed certain events: in October 2013 ACCD asked tougher questions and got false answers; in May 2014 ACCD learned the Korean facility was auctioned off; in June 2014 Moulton put conditions on the AnC Bio Vermont project; DFR was brought in; a March 2015 meeting with Shumlin took place (after which the project was allowed back in the market); and, by fall 2015, DFR was ready to sue to the developers.

In response, Shumlin advised that he had read press articles about the issues, which included reporting about AnC Bio. Shumlin asked his staff to look into the problems. Shumlin consulted with his chief of staff, and they observed that the EB-5 structure was poorly designed - amounting to a fox guarding a chicken coup situation. They wanted to do an audit, but had no authority order one. The situation was crazy.

DFR was brought in because that department had subpoena power. At the time,

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they did not think they had a big problem. Rather, questions had come up and the current structure did not represent good government. Burke was prevented from raising new money and AnC Bio Vermont's marketing was shut-down.

MacLean had Shumlin's cell phone number, but she used it very carefully. MacLean never exerted influence on Shumlin in a way that worked. Shumlin considers MacLean a friend. She had once been his right-hand-person. However, the circumstances that arose with Jay Peak made things very awkward between them. She was like a deer caught in headlights. There came time when Shumlin tried to avoid her calls or would make small talk when then talked. When she asked what was going on (i.e., within the state), Shumlin would give her a vague answer like, "I don't know, this is state government, you know." Shumlin does not think he ever lied to her, but he was not forthcoming with information.

In the March meeting, Shumlin felt like he was dealing with two people who really did not like each other. Donegan knew more than anyone. Neither side (the state and the Jay Peak group) was providing information to the other.

The result was a perfect government lock-down: with AnC Bio Vermont the plan was to allow the project to continue, but no money could be spent until the state figured out what was going on; with Burke, which was partially constructed, it was thought the investors would be better off if the building was completed - if all the money went into the project. Experts were brought in to track the money for Burke.

The meeting was not particularly eventful from Shumlin's perspective. Donegan had "had it with these guys." Quiros was almost entirely silent during the meeting. The details of the new arrangement were worked out between Stenger and Donegan after the meeting.

Shumlin always found Quiros to be an interesting, quiet, thoughtful, cordial and generous person. Kelly was the sales guy in the room and not the type of person Shumlin is drawn to in private life. Shumlin never understood Kelly's role.

Senator Leahy, who considered Stenger a friend, felt betrayed. Others at the state, who had considered Stenger and Quiros friends, also shared that feeling. No one at the state was "on the take." At the state, Shumlin stated, "We were all in." The program was believed to be the key to bringing

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in jobs. If the developers had played by the rules, it would have all worked out - except for AnC Bio Vermont - and they would have gained incredible wealth.

The developers were considered miracle-makers. They brought tons of money to Vermont and the projects were happening. They were like "saints" to people. Stenger had been on Governor Douglas's economic council and Shumlin kept him there. It was not easy to switch from believing in them to not believing in them. And, the credibility of [REDACTED], the upset investor, was questioned because he had lied in his application.

The state did ask questions and worked to examine the problems - otherwise "we would not be where we are today." Things did take longer than they should have, but events like Hurricane Irene were factors. Donegan and Piechek went to Miami to press the SEC forward.

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